

# NEWSLINE

Savings Plus Program

2nd Quarter 2008

## Are You Saving Enough?

**We know you don't think about planning for retirement every day.**

It can seem confusing, or even intimidating. Good news! Nationwide customer service representatives can help. They will explain in easy terms how much you determine how much to save up to, and throughout, your retirement. But there's one aspect of retirement planning that should be crystal clear—how much you need to invest today to meet your retirement goals for tomorrow.

To talk with a customer service representative, call 1-866-566-4777 (press \*0) anytime Monday – Friday from 8:30 a.m. to 4:00 p.m. (PT). A trained specialist will talk you through the basics, including how to use the Retirement Savings Calculator on our Web site, [www.sppforu.com](http://www.sppforu.com).

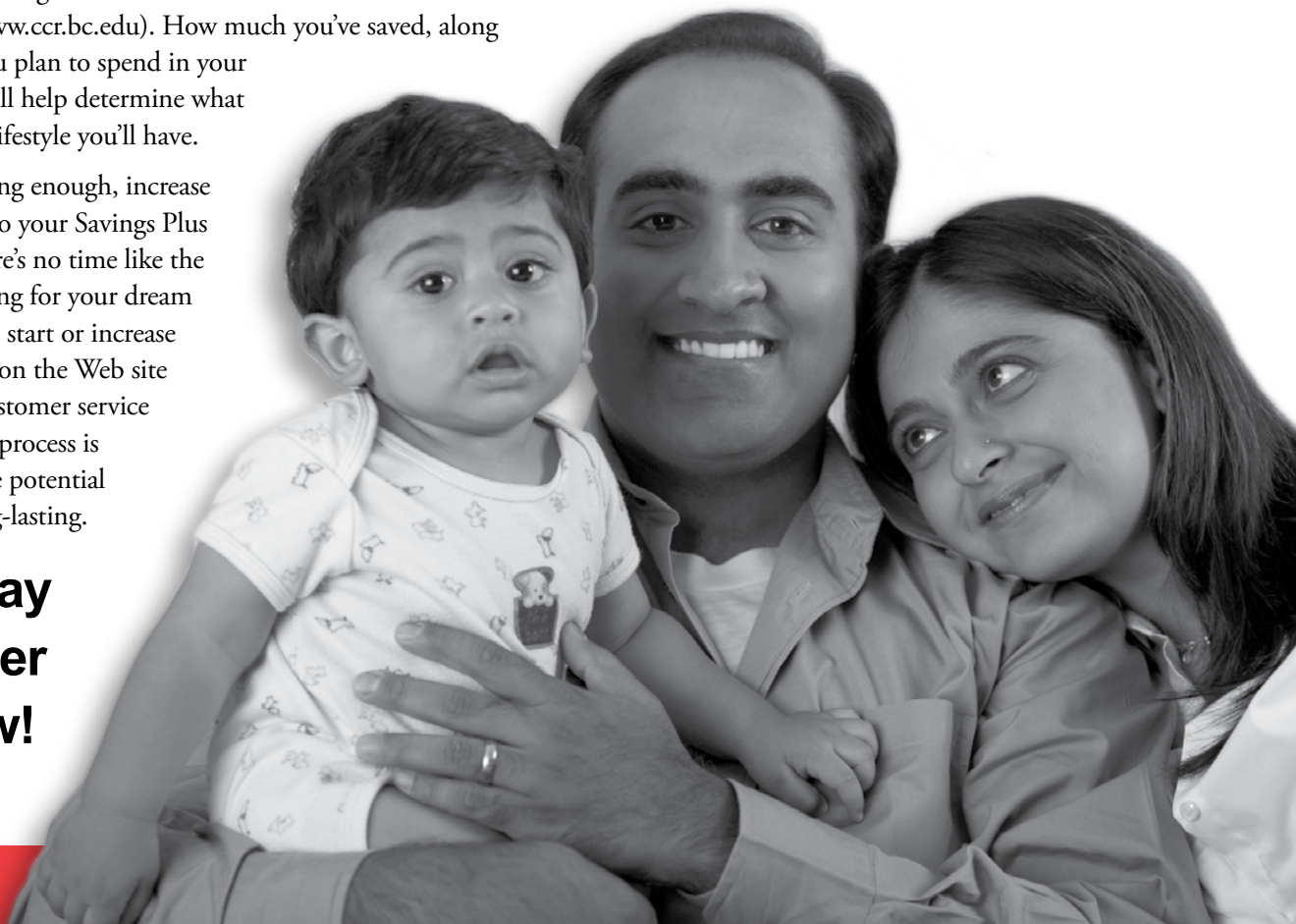
Why is it important to know if you're saving enough? Nearly half of American households won't have enough money to maintain their standard of living in retirement, according to the Center for Retirement Research at Boston College ([www.ccr.bc.edu](http://www.ccr.bc.edu)). How much you've saved, along with how much you plan to spend in your retirement years, will help determine what type of retirement lifestyle you'll have.

If you're not investing enough, increase your contribution to your Savings Plus account today. There's no time like the present to start saving for your dream retirement. You can start or increase your contributions on the Web site or you can call a customer service representative. The process is easy and quick—the potential rewards can be long-lasting.

**Save today  
for a better  
tomorrow!**

### Inside this issue:

Saving Enough? .....	1
Pre-tax IRA Rollovers .....	2
Attend a Workshop .....	3
Defer More .....	3
Vacation Today .....	3
Market Rollercoaster .....	4
Investment Fund Update .....	4





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Savings Plus 401(k)  
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## **SPP Now Accepts Pre-tax "Traditional" IRA Rollovers**

**If you're an active or retired employee, and you have a pre-tax "Traditional" Individual Retirement Account (IRA), you now can roll your funds into a Savings Plus 401(k) account.** A "pre-tax" traditional IRA is an individually owned, tax-deferred retirement savings account. It's not a Roth IRA or a SIMPLE IRA.

**Moving your pre-tax Traditional IRA funds into your Savings Plus account may be more advantageous to you because:**

- SPP has a minimal administrative account fee—just \$1.50 per month (per plan);
- SPP offers several low-cost investment options, including asset allocation funds, a full suite of index funds and actively managed funds, and a self-directed brokerage account (through a Charles Schwab, Inc. PCRA®);
- You'll consolidate your accounts and receive fewer account statements for your assets; and
- Your Traditional IRA assets will take on the characteristics of a 401(k) plan. This benefits people who retire before age 59½ (but after age 55) and take a payout from their 401(k) account. There's no tax penalty for a payout from your 401(k) account (unlike the penalty for a payout from a Traditional IRA before age 59½).

*Qualified retirement plans, deferred compensation plans, and IRAs are all different, including their fees and when you can access funds. Assets rolled over from your account(s) may be subject to surrender charges and/or other fees.*

If you're retired, you must have a Savings Plus 401(k) account with assets in order to roll over your pre-tax "Traditional" IRA. You cannot open up a Savings Plus 401(k) account once you've retired.

To roll over your "pre-tax" Traditional IRA assets, submit a 401(k) Plan Rollover In form (NRW-1096CA, revised 05/08), available from our website. (Go to [www.sppforu.com](http://www.sppforu.com), click on the "forms and publications" tab, then "forms.")

If you want a form mailed to you, call customer service Monday – Friday from 8:30 a.m. to 4:00 p.m. (PT) at **1-866-566-4777 (press \*0)**.





## Vacation Today, Vacation Tomorrow

**With the dramatic increase in gas prices, are you considering more one-day or weekend excursions rather than a seven-day cruise or a cross-country road trip?**

Today, more than ever, going on vacation means spending money. You can stretch those vacation dollars and enjoy a more relaxing trip if you:

- plan ahead with an established budget;
- look for discounts;
- remain flexible to get the best deals (travel packages, discount hotels, and theme parks); and
- choose locations off the beaten path (be a “value style” traveler)

The same kind of advance planning also pays off when it comes to your retirement. That means contributing to your Savings Plus account while you’re young, even at the minimum level of \$50 per month; increasing your contributions as your income rises; and restarting contributions after any periods of inactivity.

A retirement savings plan gives you peace of mind by allowing you to enjoy the prospects of retirement instead of dreading a loss of income or being forced to work longer than you thought. Just think of the great vacations you’ll enjoy after you retire! Careful planning and proper investing through Savings Plus may help you get there.

## Attend a Workshop

**Savings Plus holds educational workshops around the state,** including “Asset Allocation” and “At Retirement” workshops that teach you how to manage your Savings Plus account. We also hold “Enrolling in Savings Plus” workshops for employees who haven’t yet enrolled.

Trained and licensed retirement specialists explain concepts such as how savings can grow through compounding, why asset allocation helps to reduce investment risk, how employees close to retirement can benefit from depositing their lump sum payment for unused leave into a Savings Plus account, and many other topics.

You can learn more about the workshops at our Web site, [www.sppforu.com](http://www.sppforu.com), under “Quick Links.” Find the workshop that best fits your needs, then look for the “register online” link. If you don’t see a location near you, ask your human resource officer, training officer, or manager.

**Contact Bob Eviston at 916-324-0513 to arrange a workshop near you.**

## Defer More Going Out the Door

**When you leave State service, you’re allowed to defer your final compensation.** Now, thanks to an IRS regulatory change, you may be able to double the amount you can defer as you leave employment. How?

If you qualify, you may use the 457 plan Traditional Catch Up feature. This feature allows you to defer twice the annual federal contribution amount. If eligible, you could contribute up to \$31,000 to a 457 account in tax year 2008.

For more information, refer to the Traditional Catch Up booklet (NRM-4120CA, revised 02/08). Submit the application in the booklet; we’ll evaluate your request and respond to you. If we approve it, you’ll need to complete the Request to Transfer Lump-Sum Separation Pay application (which you submit to your department’s Human Resources Office for processing).

These forms are available on our Web site. (Go to [www.sppforu.com](http://www.sppforu.com), click on the “forms and publications” tab, then “forms.”) If you want a form mailed to you, call customer service Monday – Friday from 8:30 a.m. to 4:00 p.m. (PT) at **1-866-566-4777 (press \*0)**.

# A Ride on the Market Rollercoaster

During the first quarter of this year, the market was on a virtual rollercoaster. Investors everywhere continue to keep a watchful eye on the ups and downs of their account value. While most Savings Plus participants saw their account value fall on their 1st quarter statement, they may see a rebound of some amount on this latest statement.

It's important to remember when managing your investment portfolio that historically the market recovers following each decline. Here's a look at previous bear markets' effect on the S&P 500 (an index which includes the largest 500 companies in US). Notice each down market period was followed by a "bounce back" recovery.

Down Market Periods	Length (Months)	Total Negative Returns - % (S&P 500 index)	Positive Returns - % (First Year After Decline)
Jan 1960–Oct 1960	10	(8.4)	32.6
Jan 1962–Jun 1962	6	(22.3)	31.2
Feb 1966–Sep 1966	8	(15.6)	30.6
Dec 1968–Jun 1970	19	(29.1)	41.8
Jan 1973–Sep 1974	21	(42.7)	38.2
Jan 1977–Feb 1978	14	(14.2)	16.5
Dec 1980–Jul 1982	20	(17.2)	59.5
Sep 1987–Nov 1987	3	(29.6)	23.4
Jun 1990–Oct 1990	5	(14.7)	33.5
Apr 2000–Mar 2003	36	(40.9)	35.1

Past performance does not guarantee future results.

Source: Compustat; Roger G. Ibbotson and Rex A. Sinquefeld, "Stocks, Bonds, Bills, and Inflation: Year-by-Year Historical Returns," University of Chicago Press Journal of Business; Standard & Poor's; and AllianceBernstein



## Investment Fund Update

### FUND INVESTIGATIONS

No items to report.

### FUND MANAGER CHANGES

No manager changes to report.

### WATCHLIST

There are no funds eligible for the Watchlist this quarter.



**State of California  
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Personnel Administration  
Savings Plus Program**

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### How to Reach Us

#### Hours

**Lobby:** 8:00 a.m. - 4:30 p.m.

**Phone:** 8:30 a.m. - 4:00 p.m.

**Web site:** [www.sppforu.com](http://www.sppforu.com)

#### Voice Response System:

1-866-566-4777

**TTY:** 1-800-848-0833

**FAX:** 1-916-327-1885